

TO: PACT Board
DATE: February 11, 2014
SUBJECT: Administrative Fund

Section 16-33C-6(c) created the PACT Administrative Fund for the purpose of administering the PACT Program. Administrative Fund expenses are appropriated annually by the Legislature. In accordance with Section 16-33C-6(c) and (d), the Administrative Fund may receive deposits of administrative fees received by the PACT Program or gross earnings on PACT Trust Fund principal.

Monies have been transferred annually from the PACT Trust Fund to the Administrative Fund to cover administrative expenses. As the principal in the PACT Trust Fund is depleted, there will be no remaining funds for transfer to pay the administrative costs of the PACT Program in future years. The proposed resolution creates a reserve for administrative costs within the PACT Trust Fund. Monies will be transferred annually from the PACT Trust Fund to the Administrative Fund for the current and future payment of administrative expenses as appropriated by the Legislature.

Actual expenses incurred in 2013: \$970,135

Estimated expenses/future years:

Year	Amount
2014	\$700,000
2015	\$950,000
2016	\$950,000
2017	\$925,000
2018	\$925,000
2019	\$925,000
2020	\$925,000
2021	\$800,000
2022	\$800,000
2023	\$800,000
2024	\$800,000
2025	\$800,000
2026	\$700,000
2027	\$600,000
2028	\$500,000
2029	\$400,000
2030	\$300,000
2031	\$200,000
TOTAL	\$13,000,000

Proposed Resolution

WHEREAS, the PACT Board is designated by law as an agent of the State of Alabama in carrying out the purposes and provisions of Title 16, Chapter 33C, of the Code of Alabama 1975, including the designation of funds needed to pay the administrative costs of managing the PACT Program; and,

WHEREAS, the PACT Administrative Fund is created in Section 16-33C-6(d), Ala. Code, within the Office of the State Treasurer, from which the costs of administering the PACT Program shall be paid; and,

WHEREAS, this Board has the duty and responsibility, under Section 16-33C-6(c) and (d), Ala. Code, to transfer funds from the PACT Trust Fund to the Administrative Fund and/or to establish separate accounts in the PACT Trust Fund to ensure that all administrative costs are timely paid throughout the existence of the Program; now,

THEREFORE BE IT RESOLVED, that the Board hereby authorizes and directs that a separate account designated as Reserve for Administrative Costs be established within the PACT Trust Fund and that \$13 million in the PACT Trust Fund shall be allocated to that account on May 1, 2014. Funds so allocated will be utilized for the purpose of paying the administrative costs of the PACT Program.

BE IT FURTHER RESOLVED, that the State Treasurer is authorized and directed to transfer funds from the Reserve for Administrative Costs account in the PACT Trust Fund to the PACT Administrative Fund each fiscal year as authorized by appropriations made by the Alabama Legislature and to expend said funds for purposes authorized by law.